



Statement for the Record

Submitted by the American Hotel & Lodging Association

to the

United States House of Representatives Energy & Commerce Committee

for a hearing entitled:

“H.R.\_\_\_\_, Targeting Rogue and Opaque Letters (TROL) Act”

April 16, 2015



On behalf of the 1.8 million employee U.S. hotel industry, the American Hotel & Lodging Association applauds Chairman Burgess and Ranking Member Schakowsky for holding a hearing today on the TROL Act and abusive demand letters sent by patent trolls every day to businesses of all sizes and from almost all industries. We hope that this hearing will lay the groundwork for legislation which will limit the ability of patent trolls to extort money from our hotels through frivolous patent infringement claims. While the TROL Act is clearly intended to address this problem, we believe certain limited revisions need to be made to strengthen its approach to patent trolls, and we are very hopeful that the Committee will be able to make such changes.

We are a founding member of the United for Patent Reform coalition which includes companies and trade associations from across the economic spectrum, including home builders, realtors, convenience stores, restaurants, and retail shops, as well as innovative technology companies like Google, Facebook, Samsung, and Cisco. Members of our coalition include some of the largest patent holders in the country, clearly demonstrating that the reforms we seek will not decrease the value of patents or limit their enforceability.

However, when a patent troll, with no interest in pursuing any productive use of a patent it holds, can continuously profit from sending exceedingly vague or deceptive demand letters to franchisees who own one or two hotels, and have no in-house legal staff, something is wrong with our patent litigation system.

The Innovation Act, introduced by Congressman Goodlatte and a bi-partisan group of supporters, though not perfect, is an excellent first step in reining in patent trolls, but without a strong companion bill addressing demand letters from the Energy & Commerce Committee, the Innovation Act will not be effective for our members. Very often, our hoteliers have no cost effective options but to pay the patent trolls when they receive a demand letter, and would therefore not benefit significantly from the litigation reforms contained in the Innovation Act. We need legislation to delineate the role of the Federal Trade Commission in cracking down on abusive demand letters through its existing statutory authorities. The TROL Act begins this clarification process but should be improved.

We look forward to working with the Committee to pass strong legislation in concert with the broader reforms being considered in the House and Senate Judiciary Committees. Only then will hotel owners, operators and investors be able to stop wasting time and money on defending their businesses from patent trolls, and turn their full focus toward enhancing the guest experience, building new hotels and creating jobs in their communities.